

October 1, 2002

To: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Yvonne Brathwaite Burke
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

ADDITIONAL WORKERS' COMPENSATION FUNDING (ITEM NO. 85, AGENDA OF OCTOBER 1, 2002)

During the Budget Deliberations on June 26, 2002, your Board continued a motion by Supervisor Antonovich that instructed my office to create a new policy whereby the Sheriff, District Attorney, and Probation Departments are required to pay 50 percent of the costs of workers' compensation claims within each Department, and to identify funding for 50 percent of the costs of workers' compensation claims within these three Departments. In light of the current fiscal crisis, we do not recommend that the Board take such action.

The increase in workers' compensation costs due to changes in legislation and higher than anticipated medical costs is a concern for all County departments. This concern prompted your Board to approve, in April 2002, formation of the Consolidated Risk Management Program (CRMP) within the Chief Administrative Office. We are currently in the process of recruiting a risk manager to head that operation.

Although prompt investigation of fraud cases mitigates some of the costs incurred by departments, there may be other efficiencies that need to be implemented. The new risk manager will explore all aspects of the County's workers' compensation program, including the process for allocating costs by department, and recommend the most appropriate measures to mitigate rising costs for all County departments.

DEJ:DL
JW:vyg